Erasmus Journal for Philosophy and Economics,
Volume 13, Issue 1,
Spring 2020, pp. 61–78.
https://doi.org/10.23941/ejpe.v13i1.483

The Community of Advantage: An Interview With Robert Sugden

ROBERT SUGDEN is professor of Economics at the University of East Anglia. He was born in 1949 (Morley, near Leeds), and obtained a degree in history, with economics as a subsidiary, at the University of York. He started out his career working on welfare economics and cost-benefit analysis. In 1977 he wrote a paper criticizing Amartya Sen's characterization of liberty, which got him an invitation from James Buchanan to spend a summer at Virginia Tech. Buchanan remained a significant influence on his work. He obtained a readership position at the University of Newcastle in 1978. At Newcastle he started working on the topics that would occupy him most of his professional career, such as the measurement of opportunity, and the relationship between behavioral economics and rational choice theory. At Newcastle, Sugden developed *regret theory* with Graham Loomes.

By 1982, he had met Robert Nozick and John Rawls, and had started working on a book on social contract theory, which included a theory of rational bargaining on which to ground social contract theory. This subject got him interested in evolutionary game theory, which at the time was unexplored territory in economics. In 1986, building on the theory of coordination and focal points by Thomas Schelling, he published *The Economics of Rights, Cooperation and Welfare*, which he would have preferred to call "Spontaneous Order". Because the book treated morality as conventional, it attracted a lot of attention from philosophers.

In 1987, Sugden became a professor at the University of East Anglia. At the time, the University of East Anglia was organized around several interdisciplinary schools; economics was part of a school that contained politics, sociology, and philosophy. In the late 1980s and 1990s, a group of scholars from this school, including Shaun Hargreaves Heap, Albert Weale, Chris Starmer, Robin Cubitt, Alistair Munro, Judith Mehta, Nick Bardsley, and Yanis Varoufakis, came together and became interested in the philosophy of rational choice, social choice, and game theory.

During the 1990s, Sugden continued his work on rational choice theory and game theory. Since then he has made important contributions to the way we think about economic models (as 'credible worlds'), team

EJPE'S NOTE: This interview was conducted on November 29, 2019 by Erwin Dekker and Çağlar Dede.

reasoning, the moral philosophy of David Hume and Adam Smith and virtue ethics in economics (with Luigino Bruni). Sugden has sought to transcend traditional welfare economics and to develop an alternative normative economics which incorporates the insights from behavioral economics and contractarian theory. Many of his contributions are synthesized in his book *The Community of Advantage*, which came out in 2018.

EJPE: How did you start your career?

ROBERT SUGDEN: Well, I started off doing an undergraduate degree in history and economics, but really mostly history. And I really intended to work in the civil service. I actually got a job in the administrative civil service and I was going to become an advisor to the politicians. I thought, at the time, that it would be quite useful to know a bit more economics before starting work as a civil servant. So, I did a master's degree in economics at Cardiff. And then I did not have any deep thoughts about it, but just believed that it would be nice to work in a university with short hours and long holidays, and generally a pleasant life. And so, I applied to York where I had done my undergraduate degree, and I had been a kind of star student there, but it was still very surprising even then that I was given a job with only my master's degree. And as I started there, my mentor was Alan Williams, who at the time was very much interested in health economics and cost-benefit analysis.[1] And I quite liked cost-benefit analysis. He wanted to write a book about it, and so we worked together writing a book on cost-benefit analysis. And this was the 70s, and at the time a lot of people moved to the right politically, and so did I; I became more interested in pro-market views and it was about then that I got interested in the work of Amartya Sen. Especially his 'Paretian liberal'. I think that's probably when I got started in economics and philosophy.

Was it a conscious decision on your part to combine economics and philosophy? Or was it more of a coincidence?

No, I don't think it was a conscious decision. I was just interested in Amartya Sen, and I didn't think that his position in his 'impossibility of a Paretian liberal' paper was representative of what it is to be a liberal.[2] So, I was working on a critique of his work, and quite an important moment

[1] Where useful we will refer in the footnotes to the relevant articles; here, Sugden and Williams (1978).
[2] Sugden (1978).

in my life was that I sent a copy of this paper on Sen to Jim Buchanan. At the time the department of economics at York was regarded as very right wing. By modern standards, it would probably be mildly social-democratic, but at the time we stood out. The department at that moment included Alan Peacock and Jack Wiseman, who were very friendly with Jim Buchanan. So, they advised me to send the paper to Jim Buchanan. And by a great stroke of luck, Jim Buchanan had just had a very similar sort of idea about what was wrong with Sen. He had given this talk at a lunchtime seminar, and everybody had criticized his paper, suggesting he did not understand social choice theory. And so he was quite annoyed about it, and then in the post he gets this message with a paper by me, and he obviously agreed with it. So, he then invited me to go out to spend a summer in Blacksburg (Virginia Tech, USA). And there, I attended a conference which also included Robert Nozick and Jim Buchanan as speakers, and that is how I became a sort of Buchanan disciple.

Around that time, in 1978 to be exact, I moved to the University of Newcastle. There, I joined a philosophy reading group, and I began to pick up some philosophy there. And then, when I went to the University of East Anglia in 1985, the head of the philosophy department was Martin Hollis. His specialty was philosophy of the social sciences. His approach, his methodology, was that he didn't believe in reading papers particularly. He just read the classics and then hosted discussions on them. So, when he had an interesting topic, he would just get a group together. He, Shaun Hargreaves Heap, and I then formed a group that was interested in rational choice theory. At the time, this was a big area, and a lot of people, from both philosophy and economics, were researching the foundations of rational choice: are they valid and adequate?

Our little group was discussing this a lot, and Shaun and I were kind of educating Martin Hollis on the subject. He was interested in economics, but he was very much anti-neoclassical, he had inclinations toward classical Marxian economics. Nonetheless, when we started teaching him about rational choice theory, he became very much interested in the paradoxes within the theory. He still didn't believe in it, but was fascinated with the paradoxes. In exchange, he was teaching me philosophy. Anyhow, that's how I learned philosophy.

Your work is very comprehensive and covers lots of areas in political theory, economic theory and philosophy. Do you ever feel restricted in trying to publish in disciplinary journals?

No, I don't think so. If you think about the two areas I worked in, the first one was the foundations of rational choice theory. It was a very big topic in economics, what are the foundations, and trying to understand the refinement program, and what common knowledge of rationality means. These were issues that were fundamental to economics, and philosophers were interested in them. And then, when I started doing experiments, the big question was whether people choose in accordance with rational choice theory. Again, this was a fundamental issue. So, I would say that the topics I was initially working on, really genuinely were of interest to both economists and philosophers.

You recently wrote and published* The Community of Advantage.[3] *Can you tell us a little bit about how the book came about? Is it an attempt to integrate your life's work?

Well, it certainly is an attempt to integrate, and I must admit, I think it is highly likely that it's my final book, since I worked on it for about ten years or so. I was involved in behavioral economics, and before that I was a kind of liberal economist and a disciple of Jim Buchanan, back in the late 1970s. So, I thought of myself as being a liberal economist trying to develop behavioral economics in a liberal direction, for me that was a work in normative economics. And ever since I met Buchanan, I had been quite persuaded by his contractarian approach, as an alternative to the idea of the social planner. And then I met Graham Loomes around the time that Kahneman and Tversky's 'prospect theory' paper was published. Graham Loomes, who was a young colleague at Newcastle where I was working at the time, had listened to the radio and heard them talk about their work. This must have been just before their paper came out. He was instantly interested in their work. He approached me as a rational choice theorist. And he asked, well, why do rational choice theorists believe in transitivity? I replied, well, I don't think we should. That type of philosophical critique of rational choice theory had really been my trade up until then. At the time, I was evaluating the axioms of rational choice theory to try to see whether they were really justified or not, and generally I wanted to say, I don't think they are. And so, I said to Graham, well, it does not seem as though you could possibly produce a coherent philosophical justification of the transitivity axiom.

Because way back in the 1950s, Savage had produced his theory of the minimax regret criterion. It was a sort of well-known result, perhaps a

[3] Sugden (2018).

kind of minority taste, but still recognized. The result showed that using minimax regret you could produce non-transitive choices, which seem perfectly rational at the same time. So, Graham goes back and thinks about this, and when I saw him again, he said that he had the basis of a theory, which was able to explain Kahneman and Tversky's results, and that became known as 'regret theory'. When I looked at it, I thought it was fantastic. So then, we continued to work on it.

Graham was thinking about regret theory as a descriptive theory, but I was thinking much more philosophically about consistency.[4] I was thinking, here is a practical theory which shows that rational choice theory axioms can't really be required because here is a perfectly coherent alternative theory and it violates the axioms. It violates transitivity, it violates stochastic dominance, and it violates the independence axiom. It really violates everything, and I really liked it for that reason.

Then we met a psychologist who came to visit us, Sarah Lichtenstein. She said that she was interested in our regret theory, but it was obviously wrong. "But you will never find that out, because you economists never do experiments". So that's how we started doing experiments. And that's how we got into, what is now called, behavioral economics, we called it experimental economics. So, we got into it very early, and the aim was to try to see whether our regret theory worked or not, so we started testing. At that point in time I was an empirical behavioral economist and at the same time a kind of philosophical critic of rational choice theory.

Was rational choice theory important to being a liberal economist at that point? Or was there something in Buchanan's work or something that made you think well, rational choice theory is, in some sense, in fact, might be used against a liberal defense of the market?

Well, I thought rational choice theory was orthogonal to liberalism. I didn't see that as anything that had much to do with the sort of liberal ideas that I was thinking about. About what it means to be free to choose what you want. I think the relationship between rational choice theory and liberalism came up in the debate about Sen. Sen was trying to represent what it means to have a respect for liberty as a relationship between individual and social preferences. And the Buchanan critique of that was that social preferences were not a valid concept. In order to get Sen's paradox to work you have to assume that there is some degree of consistency in social preferences, and Buchanan's critique was that there is no reason

[4] Loomes and Sugden (1982).

to expect that if individuals are independent agents, the social aggregate of their preferences will be rational. So initially the critique was of social rationality. And people would typically assume that when I was producing counterexamples to social choice theory, I was assuming that individuals have consistent preferences. Yet I was even skeptical of that notion. But in my mind that was not directly related to liberty.

Welfare economics was the center of your attention?

What I believe now is that rational choice theory is just a model, which for lots of purposes is quite convenient. If you want to do microeconomics, then you couldn't just throw away the whole notion of preferences and so on. So as a model, it's highly useful. It's only when you start using it in normative economics that the problems really start to appear. I was always suspicious of the welfare economics structure. Of both the idea of the social planner, and the idea of coherent aggregation of preferences. I was always keen on the notion of opportunities. In philosophy I found that a lot of the normative theories were based on opportunity rather than preference, I think for Rawls too. And so, from quite early on I was trying to come up with measures of opportunity. So, I suppose what I would constantly be trying to do was not to think of social choice in terms of individual preferences and social preferences, but rather in terms of contractarianism and opportunity. Right from the beginning.

You actually had the essence of the 'community of advantage' book way back then?

Oh yes, the roots of the book… Until about 2000 I don't think anyone really thought very seriously about what would be the normative version of behavioral economics. And so, I thought this was a real gap in the market, an intellectual gap that needed to be filled. But how were we going to fill it, can we fill it at all?

What would be the way of creating valid normative economics without having rational preferences? I immediately thought the opportunity criterion must be the way. But if we want to measure opportunity, we should not measure it relative to preference, a point that goes back to my criticism of Sen. Because the whole point of opportunity is that to have a lot of opportunity means you can satisfy *whatever* preferences you might happen to have. So somehow it has got to range over all the possible preferences. And I was from early on trying to work with different methods of trying to represent the extent of opportunity, construed as the ability to satisfy preferences.

Initially I was working on this with Peter Jones, who was a colleague of mine at Newcastle.[5] We started from the idea of a person who has a lot of possible preferences, so there's a whole range of preferences they might have. And what it means to have a lot of opportunities is when a person has the ability to satisfy the whole range of preferences he might have. If you are judging how much opportunity a person has, you should not ask what their preferences actually are, because they're entitled to have whatever preferences they like. But in some sense, you do have to constrain the sort of preferences that are 'reasonable' or 'normal'. It seemed that this was the way to go in normative behavioral economics. We have given up the idea that a person has a clear set of preferences, but we still have the concept of opportunities. I thought that was the natural way to go, so I started working on that approach.

Simultaneously, Camerer et al, and Sunstein and Thaler had taken a totally different route to normative behavioral economics. And their route is to say we think of people making mistakes, and we want to identify their true preferences. That really came as shock to me when it came out. It seemed to me contrary to the spirit of behavioral economics, because one of the things that people like me and Graham Loomes had argued in the 1980s was precisely that individuals don't behave according to the axioms of rational choice theory. We've assembled lots of evidence that individuals don't behave according to the axioms. Initially people were saying experimental economics is not really valid, or the designs you are using are not properly controlled. So, we kept re-running them in different forms and saying to the critics, if you can suggest alternative designs in a constructive way, we'll try and run them. We operated according to the maxim that if you can't propose a better design, we don't accept your objections. And so, we spent all this time trying to convince them, and for them a kind of last line of defense, the ultimate retreat, was saying that people really are rational and these are just mistakes. Kahneman actually criticized this argument in a paper back in the 1990s. He said this is not a valid argument, it is just an escape route to rescue theory. And now for Camerer and Sunstein it is the basis for normative behavioral economics.

[5] Jones and Sugden (1982).

So, you had the idea that the concept of preferences should have been discarded earlier?

That's right. The idea that people are normally rational, and sometimes making mistakes was the neoclassical line of defense. But if you're genuine about your empirical research based on psychology, then where is this concept of error coming from? Error only makes sense relative to truth, and our point was precisely that rational choice theory was not the truth. You find this idea in people like Kahneman back in the 1980s. It seems as though this was backtracking. So, I was thinking, how can we create a normative economics that recognizes that people don't behave according to rationality axioms, since that is just the way that their psychology is. A method for normative economics has to accept this reality.

And what do you make of the claim by some philosophers such as Daniel Hausman who would say that preferences, at least sometimes, are good indicators of well-being? For them, researchers should aim to identify under what conditions preferences are good indicators of well-being.

I think one of the dividing lines is whether you have a concept of well-being that is ultimately independent of people's preferences. Take happiness. You could say that you theorize about well-being and that this, happiness, is my criterion. And in so far as that coincides with people's preferences that's all to the good. If not, then that's just their problem. I feel that's a coherent view. But it's not my view and I don't have anything to say to criticize it. My critique is always that that position would be a minority view, since it's not a subjective approach. The informed desire theory you asked about, you could think of it as being ultimately subjective, that we are going to retrieve this subjective judgment as economists. I sort of feel as though… I am just not convinced…

… ***so it is no longer subjective.***

Yes, it's no longer subjective. I always go back to Kahneman, one of his slogans is really good. He says: 'nothing in life matters as much as you think it does, when you're thinking about it'. And what he means by that is that if you ask somebody how much they value something, the answer is context-dependent. If you start asking people about their well-being, you'll find that answers depend very much on the context. One of Kahneman's examples is: if you're ill, and you're thinking about the illness, it seems to be a more serious problem than when you are not thinking about it. We know that evidence shows that everything in human psychology is context-dependent. Given that, I don't really see why you should assume that deep down each person has a true sense of what their well-being is, that just seems to be another version of the myth of the inner rational agent. I think it is the philosophical equivalent of the economists' idea that deep down people have true preferences. I think the philosophers have a sense that deep down people have an underlying sense of a true objective in life.

One of the things that I'm indebted to Jim Buchanan for is that he said early on, you must read David Hume. You would really like David Hume, which is quite true. And I think that the kind of Humean philosophy properly understood, his theory of mind, would tell you that there's no reason to think that people have true preferences, or that a person has a clear sense of what the good life is.

Let's explore that further because it really alters how we view the individual. Let me present two alternatives that have been attractive to others. There are quite a few people who are keen on a particular passage in Adam Smith that talks about the philosopher and the street porter ultimately coming from very similar starting points in life. And others point to the fact that in Buchanan there is an emphasis on becoming, an individual becoming themselves, so to say. Is any of these two views more in line with the view of the individual as having lots of opportunities open to them and so they can become anything they like?
Well yes, I like that bit in Smith. Do you know Malte Dold? Well he and I have got this long-running argument about Buchanan. He is one of the modern disciples of Buchanan, and he really likes his paper on becoming, and I don't. So, I wrote this paper back to him which is coming out in the volume on Buchanan edited by Richard Wagner at Palgrave.[6] My chapter in there is saying that Buchanan took the wrong route there, that was a mistake on his part. At the time Buchanan had been reading Shackle, perhaps too much Shackle. But some people like that essay, Malte is one, Shaun Hargreaves Heap as well, and Christian Schubert is saying something similar.

But it's different from Adam Smith's idea. Adam Smith is saying that the porter might have well ended up as the philosopher if he had the right parents and gone to the right schools and everything, and vice versa for the philosopher. Buchanan suggests that life is about creating yourself. I

[6] Sugden (2019).

had this discussion with Christian the other day, and we were completely at cross purposes. We understood each other, but I was sort of shocked, because I was saying that I've never felt this desire to change myself. Buchanan's picture is of people wanting to change themselves and you are going to go through programs of transformation. My picture has always been, which I surely think is more liberal, that we are getting exposed to different things. His picture of university is that you go there to become a better person. I did think it would be an exciting place to go, because at home and school and with your parents you are limited to a small set of experiences, that's a restricted environment, and an environment that you've got used to. So, it would be great to go to a new environment away from parents and teachers, so you can get lots of new experiences.

It's one thing to think, well, it will be nice to expose myself to lots of things and see what happens. It's a different thing to say I want to become something, that just doesn't resonate with me. To me that's really peculiar. And so, this comes up a lot in behavioral welfare economics. When people find apparent irrationalities, one of the standard moves is to say, oh that's a self-control problem. People deep down want something else. I think that is the inner rational agent trap. If you assume that each person has an inner rational agent but their choices are context-dependent, some of those choices must be wrong. But why are they making those choices? Why aren't they doing what this inner rational agent wants to do? It must be a self-control problem. It's this picture of the inner rational self that is trying to break out from psychological forces. I just think this is such an alienated view, as if you are alienated by your psychology from your own self.

As a liberal I would say you should want to delegate choices. Let people choose for themselves. Even as a parent, you should give your children opportunities and let them choose. In a sense, I think I am saying that you should give yourself opportunity to let yourself choose, and wait and see what happens. So, this whole idea of 'making yourself', I don't know, is just not the way I feel. My hunch is that most people don't feel like that. But people like Christian Schubert want to believe that everyone sort of has desires to be better.

… so then a good way of summarizing your view is that it is an opportunity-centered view of how individuals develop but with less influence of path-dependence than Adam Smith's or James Buchanan's? In Buchanan's version, people may have a very wide opportunity set at the

age of seven but then because of their choices such as the type of education they take, professional choices, relationship choices, they narrow down the opportunity set by definition, by the age of twenty-seven. After that, there's no chance that the porter can swap with the philosopher anymore because they truly have become different individuals.
That's true. The key question is whether you feel that you need to constrain yourself. I see why Buchanan gets to this. It is because he wants to justify 'constitutional constraints'. Consider a tax constitution, for instance. Collectively, people are tempted to spend too much, to build up public debt, and so Buchanan thought, we should agree to balance our budget at the constitutional level. Now, I think we can see how we move from that to the individual level. As an individual, you may think 'I don't trust my future self, so I need to constrain myself. For instance, I want my future self to appreciate music, and so I need to constrain myself to take my piano lessons'. It is then your parents' job to constrain you to take piano lessons… And that's something that never occurred to me at all, to be honest. As parents, my wife and I may think about what our children are interested in and encourage them to follow their interests but, though we might expect them do their ordinary homework, we don't try to plan their lives. Such a thought just seems really strange to me. Life *is* path-dependent, but it's the idea of 'self-constraint' that I find hard to take. Why would you want to impose constraints on yourself? That just sounds very peculiar to me.

Robert, there is another strand of ethical thinking which you have contributed to, or perhaps flirted with, in your work with Luigino Bruni.[7] That is the tradition of virtue ethics, which offers yet another way of thinking about individual flourishing and goals in life. How would you connect that strand of thinking to what we have just talked about?
That is an interesting question. I don't think that what I was doing was serious virtue ethics. Certainly, Hume has a concept of virtue. If you say 'a concept of virtue is just a set of character traits that are approved…', then it seems as though anybody would agree with that concept. Luigi is a much more genuine virtue ethicist than I am, but my thinking was mainly a response to the philosophers like Sandel who say that the market lacks virtue. But if you take virtue ethics seriously, and you have a genuine account of what a virtue is, it seems as though it ought to come out—at least in a Humean account—as a psychologically grounded concept of

[7] Bruni and Sugden (2013).

virtue. It then ought to be that any social activity will have its virtues. 'Crime' quite likely has its own virtues. A mafia would expect from its members to carry certain virtues.

… ***such as loyalty?***
Yes. I'm obviously an amateur in virtue ethics but it does still seem to me that the Bruni-Sugden paper was an entirely coherent sort of picture of what counts as a virtue in a sphere of life: a virtue is the totality of those traits, which, if you have them, enable you to do well in what that sphere of life is all about. In the case of crime, for instance, doing well would mean not getting caught and making a lot of money, and there are virtues that fit with that. So then, there is a sense in which the market would have its own virtues. Recently, I am working with my colleague, Bruce Lyons, and we are trying to do business ethics. One of the things that the regulators in Britain are very concerned about is fairness in pricing: what counts as fair pricing, what counts as unfair pricing. Bruce and I have tried to develop the idea in the book *The Community of Advantage* that the virtue of the market is facilitating mutually beneficial transactions. Based on that assumption we think about what counts as fair pricing and we generate principles. I think what I do in that project is genuine virtue ethics, not in the Aristotelian but in the Humean sense.

One reason to be not very dismissive about control in markets would be that markets may generate unfair results and inequalities. How would you react to the egalitarian critiques of markets in relation to what we have discussed?
This was what I tried to address in the chapter on psychological stability in the book. The idea that markets are mutually beneficial does not really have anything to say about these kinds of worries. That is to say, relative to whatever endowments people have got, the market creates mutual benefit. This kind of argument is parallel to standard welfare economics. But, how would you justify the market to citizens as a contractarian? There is a tension here. On the one hand, the contractarian has to be able to show everyone that they all benefit from it. On the other hand, it is fundamental to the way the markets work that they cannot be fair. Each person's opportunities are opportunities to interact with other people. Whether they want to interact with you is part of their opportunities. A complete equality of opportunity conflicts with markets. But it feels to me as though there's got to be some redistribution. If you think of the period from the

Second World War to 1970, especially in the United States and Western Europe, there was pretty wide acceptance of the market. It was grounded in the fact that basically everyone was getting better off: there was a fairly steady rate of growth. In that period, people were willing to tolerate the inequalities of the market partly because income inequality was not so extreme. They could see, by looking at East Germany, Czechoslovakia, that the market system was creating wealth that they were all enjoying, and there was also a redistribution mechanism in place. Don't rock the boat. But this argument is not based on fairness. It is just based on general acceptability. Yet, it seems to me that various changes happened in the last twenty years, which seem as though the market is no longer as successful at producing wealth that gets redistributed. The answer really is that the main part of my arguments is all about mutual benefit, and distribution is not really what I'm writing about. But if you are going to justify the market, you have to have redistribution. And at the same time, people have to realize that the market does create wealth for everybody and they should accept certain limitations. After all, one cannot demand too much fairness from markets. Fairness is not a realistic demand.

So, to continue a little bit on the current situation, what is the role of the contractarian economist at this moment? Is it to suggest ways in which we can alter the market mechanism or to speak up for redistribution or to create a new sort of justification?
One thing I have to say is that this is not my area, which I really would claim expertise in. What you need first and foremost is to understand why the distribution of income is becoming much more unequal. One explanation might be that it is an internal problem with the market. The market is changing in a way that makes it possible for the higher skilled people to be more productive because of the way technology is developing…

Technology is creating a winner-takes-it-all problem?
Yes, it could be a winner-takes-it-all feature of the market. Alternatively, it could be a market imperfection: the people at the top of the business organizations are able to pay themselves too much. Now, if the problem is intrinsic to the way the market works, then I do think that it has to offer some system of redistribution. If, on the other hand, the market is not working properly… I am not sure I feel fit to answer that question.

As we were discussing* The Community of Advantage *in a reading group, we thought that your book could be a sort of countervailing force in the current literature that is critical of the market, saying, well, we need to really re-appreciate what the market is. One side-effect of behavioral economics, but also of the other scholars writing critically about markets such as Piketty, could be that economists are doing a disservice to the functioning of the market by undercutting the general acceptance of the market in society, which in turn might actually lead to poorer functioning of the market, because we will get a lot of intervention or we get a kind of crony capitalism as a result.

That is correct, and the book certainly has a flavor of it. If you think the market is on the whole a good institution, then part of the job is to persuade people that there are certain things the market cannot provide. There are some kinds of fairness demands that the market cannot satisfy. When the pricing practices of firms are clearly unfair, it is very important for regulators to remove them because that is feeding the thought that the markets are unfair. So, my suggestion is the combination of these two thoughts. First, we need to educate people to realize what markets can and can't do… And hence to say 'look, you shouldn't think of this as a critique of the market, you should think of it as part of the way the market has to work'. Second, if we can produce a concept of what counts as fair and define what counts as ethical behavior in markets, then we need to enforce these norms—not only in response to fairness considerations but also to protect the market against the thought that it is unfair. You might indeed think that the sense that people are losing faith in the market is definitely part of the motivation of the book.

I still have two questions that I would really be keen to get a brief reaction on. Let's start with a very specific question. In the book, you clearly come out as a contractarian. Today, and also in the book, you have emphasized your liking for Hume. In the past, you have also written on conventions and spontaneous order. And, there is the famous Buchanan-Hayek debate about the evolution of rules versus the sort of constitutional design of rules. Have your thoughts evolved on that issue? Your earlier work has focused more on conventions, and now you are thinking more in terms of design. Is this a part of the Buchanan legacy that you are not particularly keen on?

I think the answer is the second. Hume is officially an anti-social-contract theorist. In this sense, he's anti-design, too. But, nevertheless, his concept of convention is a spontaneously evolved notion but at the same time it's a mutually beneficial one. And it is the 'mutually beneficial' thought that I am drawing on in the book. What I am saying as a contractarian is that there is a difference between mutual benefit and welfare maximization, and the way to justify something is to show people that it is mutually beneficial.

I think even in Rawls there is a tension between those two thoughts… Rawls is constructivist in some sense. But Rawls also emphasizes the concepts of mutual advantage and psychological stability. I always side with that latter part of Rawls. I think of this as contractarian but not as contractarian designing.

In* The Community of Advantage*, you argue from the principle of mutual benefit. There is also an emphasis in the book on reciprocity. Have you ever thought about the relative position of the market in society? Because obviously these two principles, 'mutual benefit' and 'reciprocity', one can also find in other sorts of social institutions, say clubs, or perhaps people would think of churches, or more generally civil society, or perhaps even the state…

That is what underlies Luigi Bruni's work on the civil economy. According to John Stuart Mill, the guiding principles for civil society are reciprocity and mutual benefit. And that's why I quite like reading Mill's *On the Subjection of Women*, where he says that the family really ought to be a system of mutual benefit. The argument is to say that civil society is a network of cooperation, and the market *is* a part of civil society. If you see the market as part of the civil society, you make the market more attractive. This is the right way to think about the market.

We could perhaps end with a piece of advice from you! In another interview, you have suggested that "economics is very fashion-driven, with a short life-cycle for new approaches".[8] So, how should ambitious scholars interested in age-old problems cope with the fashion-driven state of economics? What lessons would you draw from your own intellectual history for future philosophical economists? For instance, you may tell us about the sort of intellectual communities that you benefit most from. We are wondering, in Erwin's words, 'how can we make sure the community of economists remains a community of advantage'?

I must confess I think it has got worse over the years. I think that the academic profession is becoming too concerned about relative positions

[8] Agbonlahor and van den Akker (2019).

and rankings. It doesn't work based on mutual benefit. The idea of it being a zero-sum game is very dangerous. Is the aim to win prizes and to get papers published in the top journals? The whole concept of its being a competition is very bad.

On the whole, I do still think it does pay to see the world in terms of mutual benefit. And so I advise students in college, for example, do try to seek alliances… Another lesson is that if you really want to do something that's really important and original, then it is not a good idea to think of the world in terms of a zero-sum game and ask, well, 'how can I get people to like my ideas?' That is not really the recipe for having some really, really important idea. So, if you had an idea that was really good, then most economists *wouldn't* like it. You have to not worry too much about that. Given that economics is fashion-driven, you should ask yourself do you want to follow the fashion or do you want to try and make the new fashion?

Also, you should be able to sense problems that need to be addressed and are kind of officially on the agenda. Obviously, if you tackle a question that is completely off the agenda, then you can't be surprised if no one likes it. Let's go back to the case of early behavioral economics. People ask me 'was it very difficult to publish papers?'. It was actually easy because not many people were working on that subject. But the reason for that was because although economists were all committed to rational choice theory, there were many things about the theory they were concerned about. One of them was that rational choice theory was supposed to be valid in all domains. So, there was no area of the world where rational choice theory was not supposed to apply. They then couldn't really object to experiments because if rational choice theory applies to everything, it was supposed to apply in the lab, too (particularly when you pay people in the experiments). Also, everybody in those days, was more or less Popperian in terms of methodology. The practice of economics was in fact driven by its reliance on rational choice theory, but the official methodology was Popperian.

To test!

Yes. So, if you say, 'look, here are your theories, we've found a place where they ought to apply and we have run the tests and they don't work', then it is a legitimate item on the agenda. And so, although the community may not like the results, I think you kind of force your way in. I think it is a matter of entrepreneurship, really. You have to look for issues that, according to the kind of implicit rules of the discipline, ought to be investigated, but people either haven't investigated them or alternatively some error has crept in and needs to be corrected. That way, people can't really ignore your research. When you have done it, they have to accept it. Maybe it would be easier to get papers published by just developing existing ideas a little further… But I still have faith that good ideas win in the end. You have to back your hunches.

Final question: what is next on your research agenda?
New questions arise in the book. One is what counts as fairness in markets. Another loose end is the fact that the opportunity criterion, as it is stated, is an on-off/either-or criterion. I need to define what counts as more opportunity, less opportunity.

A separate project is on models and moral theorizing. Philosophers don't think about moral theories as models. Take an example: Nozick's original theory of rights and liberty. In a sense, it's a mad theory. Nobody could really take it seriously. On the other hand, it was actually a really good book because it tells you that if you take rights to the extreme, this is what it would look like. And then later, he writes more books on the subject and sort of tries to backtrack. This is more sensible, but not so interesting or so useful. This thought applies to my book too. You have a position that deep down you feel sympathy for. At the same time, your job as a theorist is to kind of put it in a clear, concise, coherent way. You put it forward in good faith, but you can't put in all the qualifications, people should read it as a model. And so, my thought is whether my 'credible worlds' account of scientific models[9] could also be applied to moral theorizing. There might be scope for the argument that moral theory is modelling.

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